

**OFFICIAL FILE**  
**ILLINOIS COMMERCE COMMISSION**  
**STATE OF ILLINOIS**  
**ILLINOIS COMMERCE COMMISSION**

**ORIGINAL**

ILLINOIS-AMERICAN WATER )  
COMPANY, AMERICAN WATER )  
WORKS COMPANY, INC., THAMES )  
WATER AQUA US HOLDINGS, INC., and )  
THAMESWATER AQUA HOLDINGS GmbH )  
 )  
Joint Application For Approval of Proposed )  
Reorganization and Change In Control of )  
Illinois-American Water Company Pursuant To )  
Section 7-204 of the Illinois Public Utilities Act. )  
 )

Docket No. 06-0336

CHIEF CLERK'S OFFICE

2006 OCT -2 A 9:33

ILLINOIS  
COMMERCE COMMISSION

**PETITION FOR LEAVE TO INTERVENE OF UTILITY WORKERS UNION OF  
AMERICA, AFL-CIO, AND UWUA LOCAL UNION NOS. 640, 500 and 405**

Pursuant to the Rules of Practice of the Illinois Commerce Commission, 83 Ill. Admin. Code, Section 200.200, the Utility Workers Union of America, AFL-CIO ("UWUA") and UWUA Local Nos. 640, 500 and 405 (collectively, "UWUA Intervenors") hereby petition to intervene with full rights as parties in this proceeding, which concerns the proposed sale by Thames Water Aqua Holdings GMBH ('Thames GMBH') of up to 100% of the shares of common stock of American Water Works Company, Inc. ("American Water") in one or more public offerings.<sup>1</sup> UWUA Intervenors are labor organizations that represent employees directly affected by the proposed initial public offering ("IPO") at issue in the captioned docket. Consistent with 83 Ill. Admin. Code Section 200.200(3), UWUA Intervenors "accept the status of the record as [it] exists" and seek to participate in this proceeding on a going forward basis with full rights as parties.

<sup>1</sup> The April 20, 2006 Application initiating this proceeding was filed by Thames Water Aqua US Holdings GmbH, Thames Water Aqua US Holdings, Inc. ("TWAUSHI"), American Water, and Illinois-American Water Company (hereinafter, collectively, "Joint Applicants").

## INTRODUCTION

The stakes at issue in this proceeding are high. Illinois-American Water Company (“IAWC”), a wholly-owned subsidiary of American Water, serves approximately 293,000 customers in 125 communities in Illinois. (Application ¶4). Joint Applicants seek authorization in this proceeding for Thames GMBH to divest American Water, including IAWC, through an IPO and perhaps additional public offerings. (Application ¶10). The proposed transaction will effectively reverse the acquisition by Thames GmbH parent holding company, RWE Aktiengesellschaft (“RWE”), in 2002 of American Water, which was then a publicly-held U.S. company. During that proceeding, just four years ago, the applicants touted the substantial benefits expected to result from RWE’s acquisition of American Water — benefits that presumably were expected to outweigh any forgone benefits associated with American Water being a publicly-held stand-alone company.

The request for authorization to undo the prior acquisition raises novel and troubling questions about the potential loss of benefits resulting from that acquisition and, more generally, about the currently proposed transaction’s effects on IAWC, its ratepayers, and employees. Approval of the proposal could have significant and adverse impacts on the financial situation of the IAWC, which, in turn, could adversely affect both Illinois consumers and the utility workers who provide services to them. The extent to which this is case may depend, *inter alia*, upon how the IPO is structured, and the terms on which American Water is able to secure replacement debt to substitute for the intercompany debt that American Water currently owes to Thames GmbH parent RWE.

The Application lacks sufficient information to be able to evaluate Joint Applicants' claims that approval of the proposed transaction will not diminish IAWC's ability to provide adequate, reliable, efficient, safe and least-cost public utility service. (Application ¶23).

#### **MOTION TO INTERVENE; COMMUNICATIONS**

1. UWUA and Locals 640, 500 and 405 represent workers with a clear interest in the effects of the proposed merger:
  - a. UWUA Local 640 represents approximately 350 employees who perform work related to the operation, maintenance, and administration of the IAWC. Local 640 is based in Alto, Illinois. Many UWUA Local 640 employees are also customers of the IAWC.
  - b. UWUA Local 500 represents approximately 40 employees who perform work related to the operation, maintenance, and administration of the IAWC. Local 500 is based in Champaign-Urbana, Illinois. Many UWUA Local 500 employees are also customers of the IAWC.
  - c. UWUA Local 405 represents approximately 30 employees who perform work related to the operation, maintenance, and administration of the IAWC. Local 405 is based in East St. Louis, Illinois. Many UWUA Local 405 employees are also customers of the IAWC.
  - d. UWUA is the national union representing approximately 55,000 workers primarily in electric, gas and water industries across the United States. UWUA's principal office is at 815 16th Street, NW, Washington, D.C.

20006. UWUA, on its own and through its local unions, represents employees who work in facilities owned or operated by the IAWC, many of whom are also customers of the IAWC. UWUA has a strong interest in ensuring that the actions taken in this proceeding adversely affect neither the provision of quality water service to customers nor the members of UWUA, and do not interfere with the employees' proper and safe performance of their jobs.

2. UWUA and Local Nos. 640, 500 and 405 will be represented in this proceeding by the counsel listed below, and request that these counsel along with the union official listed below be placed on the Commission's service list and receive copies of all correspondence and other documents:

Counsel:

Scott H. Strauss  
Mark S. Hegedus  
Jeffrey A. Schwarz  
Elaine C. Lippmann<sup>2</sup>  
Spiegel & McDiarmid  
1333 New Hampshire Avenue, NW  
Washington, DC 20036  
Tel.(202) 879-4000  
Fax: (202) 393-2866

Union Officials:

Donald E. Wightman  
President  
Utility Workers Union of America,  
AFL-CIO  
220 Forbes Road, Suite 210  
Braintree, MA 02184

3. Consistent with 83 Ill. Admin. Code Section 200.200(e), UWUA Intervenors “accept the status of the record as [it] exists” and seek the ability to participate in this proceeding as active parties on a going forward basis.
4. UWUA Intervenors will accept service by electronic means as provided by the Commission’s Rules of Practice. *See* 83 Ill. Admin. Code Section 200.1050.
5. The participation of UWUA and Local Nos. 640, 500 and 405 in this proceeding is in the public interest. UWUA and Local Nos. 640, 500 and 405 have knowledge and information directly relevant to the matters at issue. Moreover, UWUA and Local Nos. 640, 500 and 405 will fully coordinate their participation, and will endeavor to ensure that there is no duplication of effort or undue burden on other participants. Thus, UWUA and Local Nos. 640, 500 and 405 submit that these proceedings will be enhanced by their participation, which will help to

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<sup>2</sup> Mr. Strauss is a member in good standing of the District of Columbia Bar, Mr. Schwarz is a member in good standing of the District of Columbia, Virginia, and Massachusetts Bars, and Ms. Lippmann is a member in good standing of the District of Columbia, Maryland and Pennsylvania bars. Concurrent with the submission of the instant petition, Messrs. Strauss and Schwarz and Ms. Lippmann are seeking, through separate filing, “special leave” to participate in this proceeding on behalf of UWUA Intervenors. *See* 83 Ill. Admin. Code, Section 200.90.

ensure that the proceedings are fair and equitable to UWUA members, to other employees of IAWC, and to the consuming public. Moreover, as a national labor organization, UWUA's perspective on the issues is broader in scope; through its participation, UWUA can assist the Commission in evaluating the proposed acquisition. UWUA Intervenors submit that in light of their unique perspective, no other party to these proceedings can adequately represent UWUA's interests.

6. UWUA and Local Nos. 640, 500 and 405 also have a direct and substantial interest in assuring that any approval of the proposed American Water IPO neither adversely affects the members of UWUA, nor interferes with the employee's proper and safe performance of their jobs.
7. For these reasons, UWUA and Local Nos. 640, 500 and 405 respectfully submit that they meet the standards for intervention set forth in 83 Ill. Admin. Code, Section 200.200. As such, UWUA and Local Nos. 640, 500 and 405 ask that their intervention request be granted and that UWUA and Local Nos. 640, 500 and 405 be permitted to participate in this proceeding with full rights as parties.

### **CONCLUSION**

WHEREFORE, for the foregoing reasons, UWUA and UWUA Local Nos. 640, 500 and 405 request leave to intervene in these proceedings with full rights as parties hereto.

Respectfully submitted,

*Mark S. Hegedus*

Mark S. Hegedus (Illinois Bar No. 6207034)

Scott H. Strauss

Jeffrey A. Schwarz

Elaine C. Lippmann

SPIEGEL & MCDIARMID

1333 New Hampshire Avenue, NW

Washington, D.C. 20036

Tel: (202) 879-4000

Fax: (202) 393-2866

mark.hegedus@spiegelmc.com

scott.strauss@spiegelmc.com

jeff.schwarz@spiegelmc.com

elaine.lippmann@spiegelmc.com

Attorneys for

Utility Workers Union of America,

AFL-CIO ("UWUA"), and

UWUA Local Union Nos. 640, 500 and 405

September 29, 2006

DISTRICT OF COLUMBIA            )        SS.

**VERIFICATION**

**NOW COMES** MARK S. HEGEDUS, who, after first being sworn,  
deposes and says:

1.        That he is an Attorney in Washington, D.C. retained to represent  
the Utility Workers Union of America, AFL-CIO ("UWUA"), and UWUA Local Union  
Nos. 640, 500 and 405 in any proceedings in connection with the attached PETITION  
FOR LEAVE TO INTERVENE; and

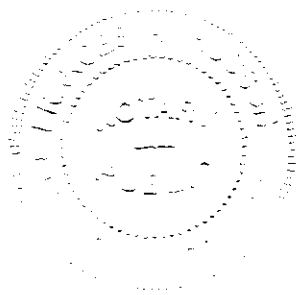
2.        That he has read the attached PETITION FOR LEAVE TO  
INTERVENE and that the facts alleged therein are true and correct to the best of HIS  
knowledge and belief.

  
\_\_\_\_\_  
Mark S. Hegedus

**SUBSCRIBED** and **SWORN** to  
Before me this 29<sup>th</sup> day of September 2006

  
\_\_\_\_\_  
Notary Public

**FRANCES A. HOBSON**  
Notary Public of District of Columbia  
My Commission Expires June 30, 2008

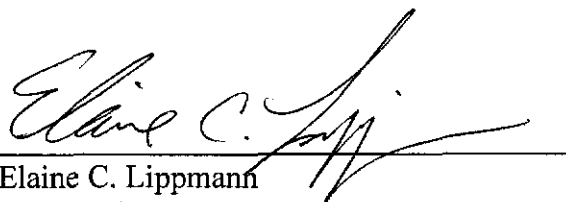




## NOTICE OF FILING

**TO: Attached Service List**

PLEASE TAKE NOTICE that on September 29, 2006, I filed by overnight courier with the Chief Clerk of the Illinois Commerce Commission, Springfield, Illinois, the attached Petition for Leave to Intervene and Appearance in the above-captioned docket.

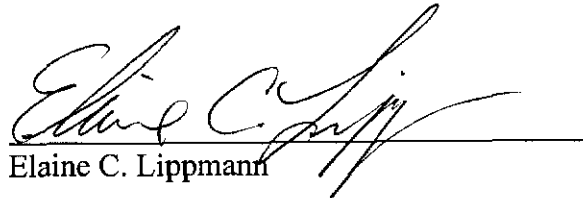


Elaine C. Lippmann  
SPIEGEL & MCDIARMID  
1333 New Hampshire Avenue, NW  
Washington, D.C. 20036  
Tel: (202) 879-4035  
Fax: (202) 393-2866  
elaine.lippmann@spiegelmc.com

Attorney for  
Utility Workers Union of America,  
AFL-CIO ("UWUA"), and  
UWUA Local Union Nos. 640, 500 and 405

### **CERTIFICATE OF SERVICE**

I hereby certify that a copy of the attached Petition for Leave to Intervene and Appearance was served on all parties on the attached service list on the 29<sup>th</sup> day of September 2006, by U.S. mail and electronic mail.

  
Elaine C. Lippmann